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# COMPLIANCE ALERT

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## Compliance Problem

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The department has found that a number of pet breeders are unaware that they must collect and remit sales tax (Retailers' Occupation Tax and Use Tax) when they sell animals as pets.

## Solution

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Breeders who sell animals as pets must register with the Department of Revenue. Those that are required must collect tax on the sale of the animals and remit the tax to the department. Pet breeders who sell animals for resale must register as a reseller with the Department of Revenue.

There is no charge to register. Register online at [tax.illinois.gov](http://tax.illinois.gov).

To help breeders comply with the law the department offers the following guidance:

- ◆ Tax is due when the animal is sold to a purchaser who will keep it as a pet.
- ◆ Tax is due if an animal is picked up at the breeder's Illinois facility, even if it will be immediately taken out of state. However, tax is not due if the seller is obligated, under the terms of an agreement with the purchaser, to make physical delivery of the animal from a point in Illinois to a point outside Illinois, not to be returned to Illinois, provided that the delivery is actually made.
- ◆ Tax is not due when the sale is to a pet store because the transaction is considered a sale for resale (tax is due from the pet store on the sale to the final purchaser). However, the breeder must document this tax-free transaction by obtaining a properly completed Certificate of Resale from the pet store. For an example of a resale certificate, visit our website at [tax.illinois.gov](http://tax.illinois.gov) and review Form CRT-61
- ◆ Tax is not due if the sale is to another pet breeder who is in the business of breeding animals that he will sell because the transaction is considered a sale for resale. However, the breeder, must document this tax-free transaction by obtaining a properly completed Certificate of Resale from the pet breeder who purchases the animal. For an example of a resale certificate, visit our website at [tax.illinois.gov](http://tax.illinois.gov) and review Form CRT-61.

## Background

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The department's Bureau of Criminal Investigation has found that pet breeders are not collecting sales tax because they do not understand their tax responsibilities. The department will routinely identify non-compliance and enforce the tax laws. This publication is an attempt to educate taxpayers about the law so that they can avoid additional penalties and interest.